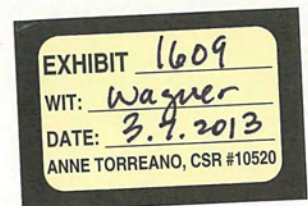


**EXHIBIT 1609 TO  
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# Salary Planning 2007 Presentation to Engineering Directors

29 October 2007

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Authors: Frank Wagner, Tiffany Wu



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## Agenda

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- Google's compensation philosophy & background
- Improvements vs. last salary planning cycle
  - Design
  - Process & tools
- Salary planning approach
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
- Appendix: Business rules for 2007 Salary Planning cycle
- Q&A

## Google's compensation philosophy

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### **Google strives to pay Googlers in ways that support three main objectives:**

1. Attract and retain the world's best talent
2. Support Google's culture of innovation and performance
3. Align employee interests with shareholder interests in company success



## Total reward value proposition

*Google designs competitive total reward packages – extrinsic/intrinsic*

|  |              |                    |                  | REWARD ELEMENT                      | OBJECTIVE  |
|--|--------------|--------------------|------------------|-------------------------------------|--|
|  | TOTAL REWARD | TOTAL REMUNERATION | TOTAL DIRECT PAY | WORK CONTENT, ENVIRONMENT & CULTURE | Build one of the most intelligent, highly motivated groups of employees in the world and foster a flat, collaborative work environment. Provide ongoing exposure to interesting and challenging work |
|  |              |                    |                  | BENEFITS                            | Be a market leader in indirect awards in a way that adds meaningful value to employees' personal and professional lives  |
|  |              |                    |                  | EQUITY                              | Provide all employees with an ownership stake in the company's future performance, AND "meaningful" future value at grant  |
|  |              | TOTAL CASH         |                  | BONUS                               | Above-market highly leveraged short-term cash incentives that reward individual contributions rather than tenure or roles  |
|  |              |                    |                  | BASE                                | Competitive base salaries  |

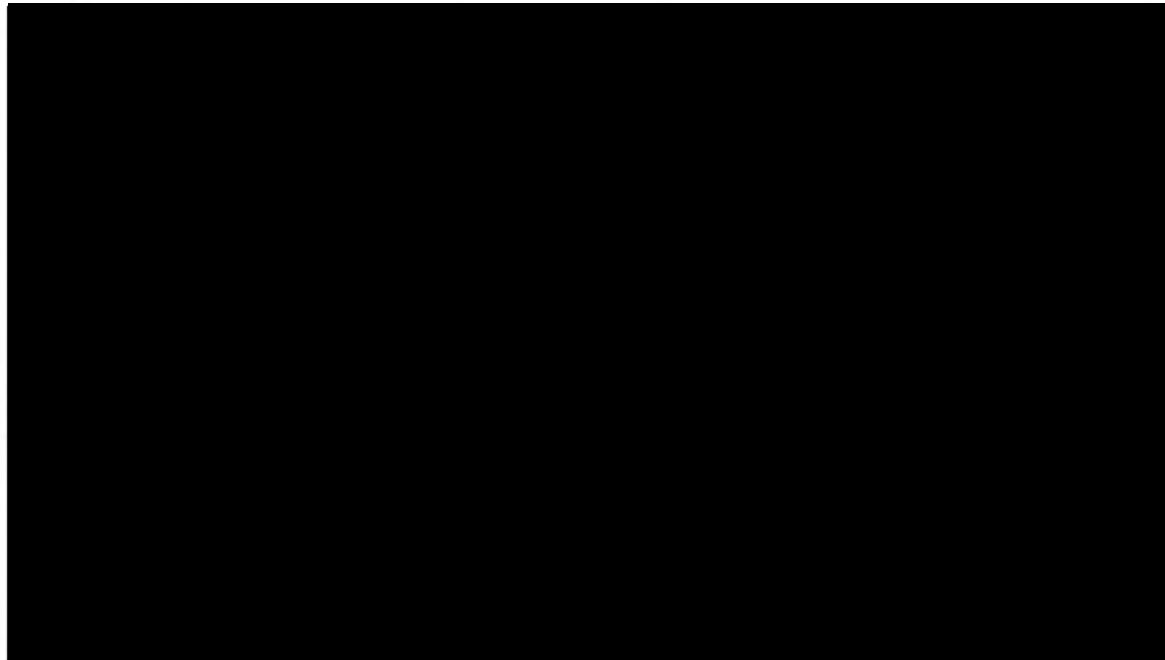
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What's our history and where are we today?

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## The application of our compensation philosophy

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- Base pay

- Goal: align salaries and performance
- Provide competitive, performance-oriented pay

- [REDACTED]
- [REDACTED]
- [REDACTED]

- Total direct compensation (base + bonus + equity)

- [REDACTED]
- [REDACTED]

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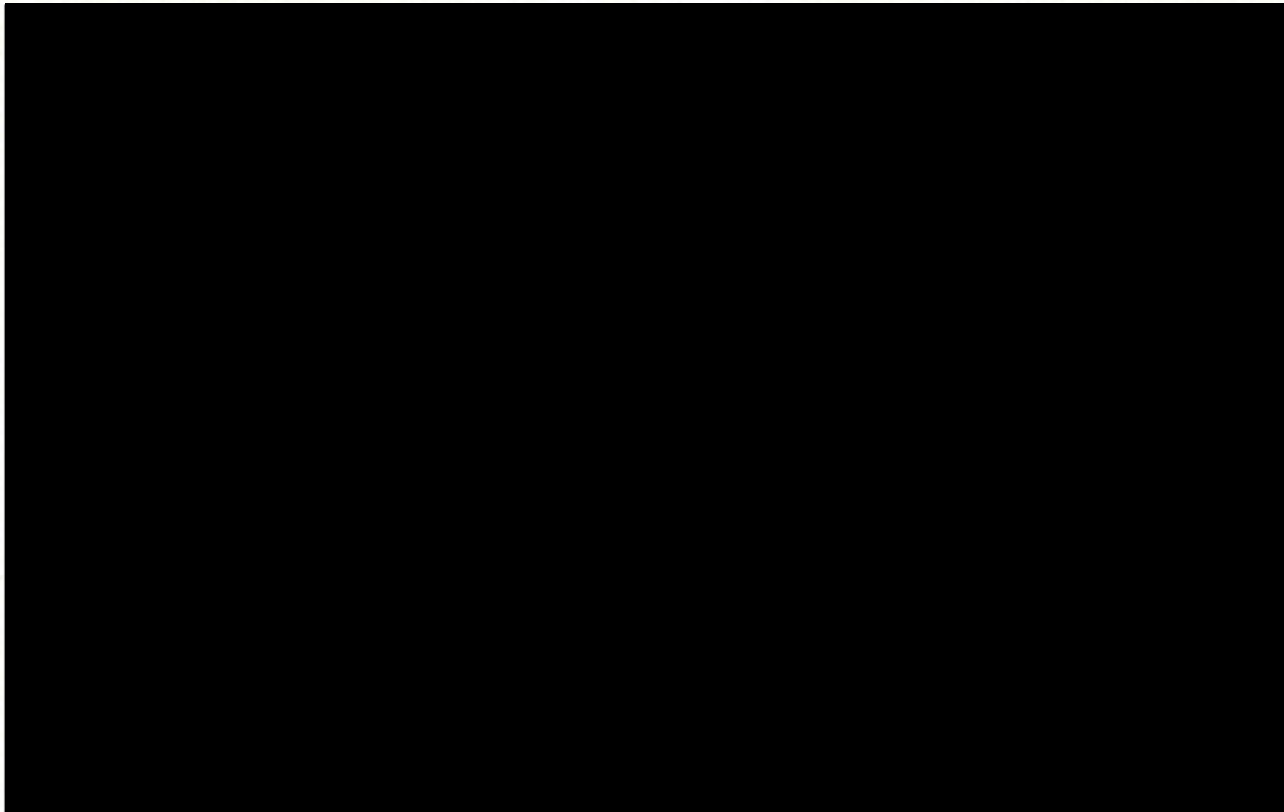


## Improvements vs. last salary planning cycle

|  |   |
|--|---|
| #1 Buy-in on design principles                     | Reviewed base salary program design and business rules with Eng Steering Committee and VPs/SVPs, including comparison of outcomes using old algorithm vs. new algorithm   |
| #2 Clarity on how we set base pay rates            | Benchmarked jobs to target [REDACTED] percentile base salaries for by comparing salary surveys from every geography; our salary survey data comes from a peer group of companies that closely matches the type of companies with which we compete for talent  |
| #3 Transparency of salary adjustment algorithm     | Merit and promotional matrices that drive the modeled amounts available to all planners and managers at gComp help website  |
| #4 Transparency of individual employee data        | [REDACTED]  |
| #5 Treating "corner cases" fairly and consistently | [REDACTED]  |
| #6 Data quality                                    | Better processes – including GHR data freezes, procedure for managing transfers and data audits prior to launch – to ensure inputs used to drive modeled individual increases are accurate; automated process for syncing data between GHR, PERF and gComp  |
| #7 Salary planning application                     | New, internally developed tool, with feature improvements over vendor tool from last cycle:<br>Notes functionality and audit trail functionality<br>Supports Firefox 1.5+ on Mac, Linux, and Windows and Mac OS<br>Loaded on Google production servers and tested internationally<br>Intuitive, easy-to-use currency conversion interface<br>Planners are able to recommend changes for employees marked for "zero" increases |
| #8 Access to salary planning application           | For the first time ever, managers across Google will be given read-only access to view their direct reports' data and add a supporting note   |

## How we determine market reference points

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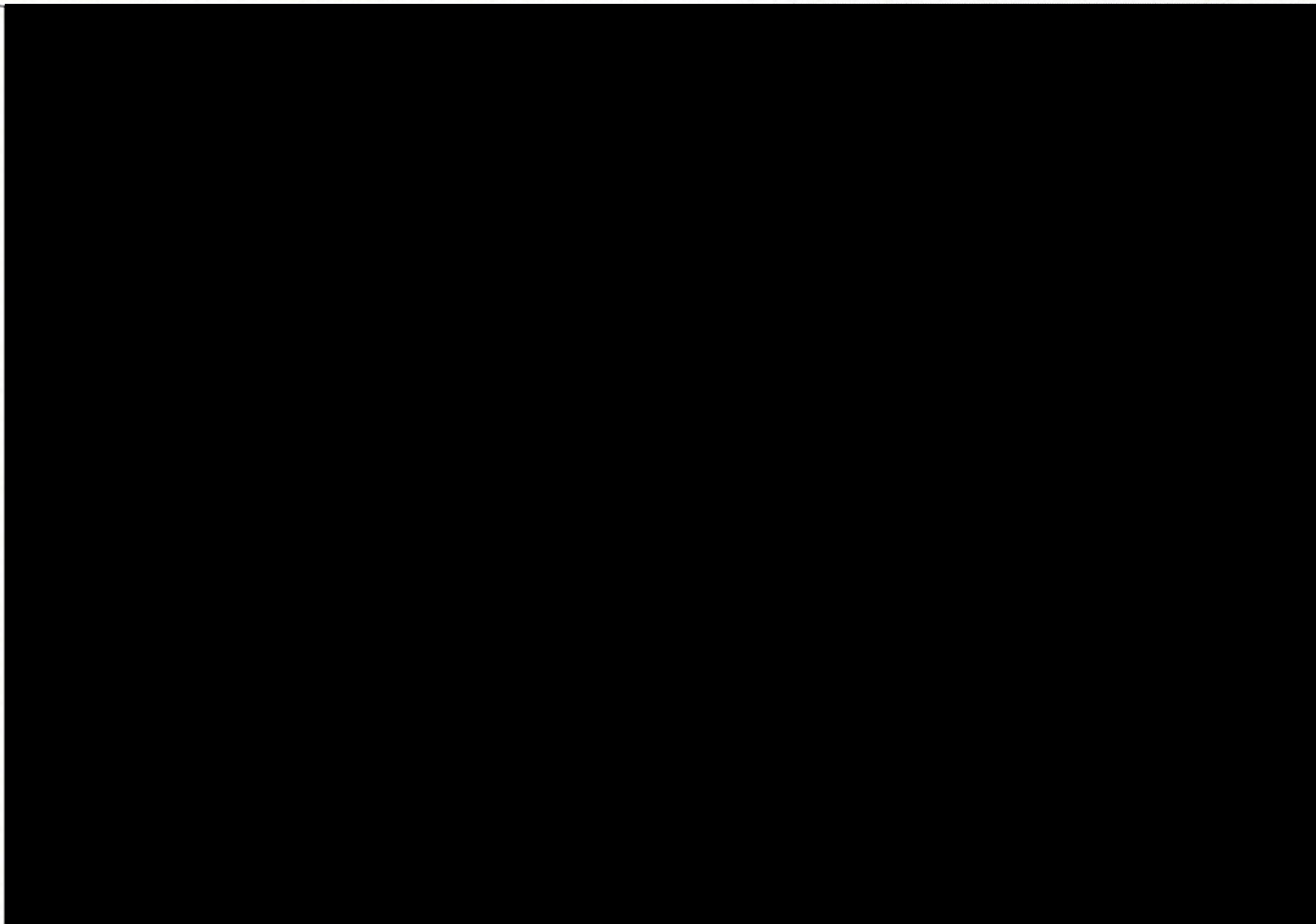


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## Merit increase matrix: overview of philosophy and design principles



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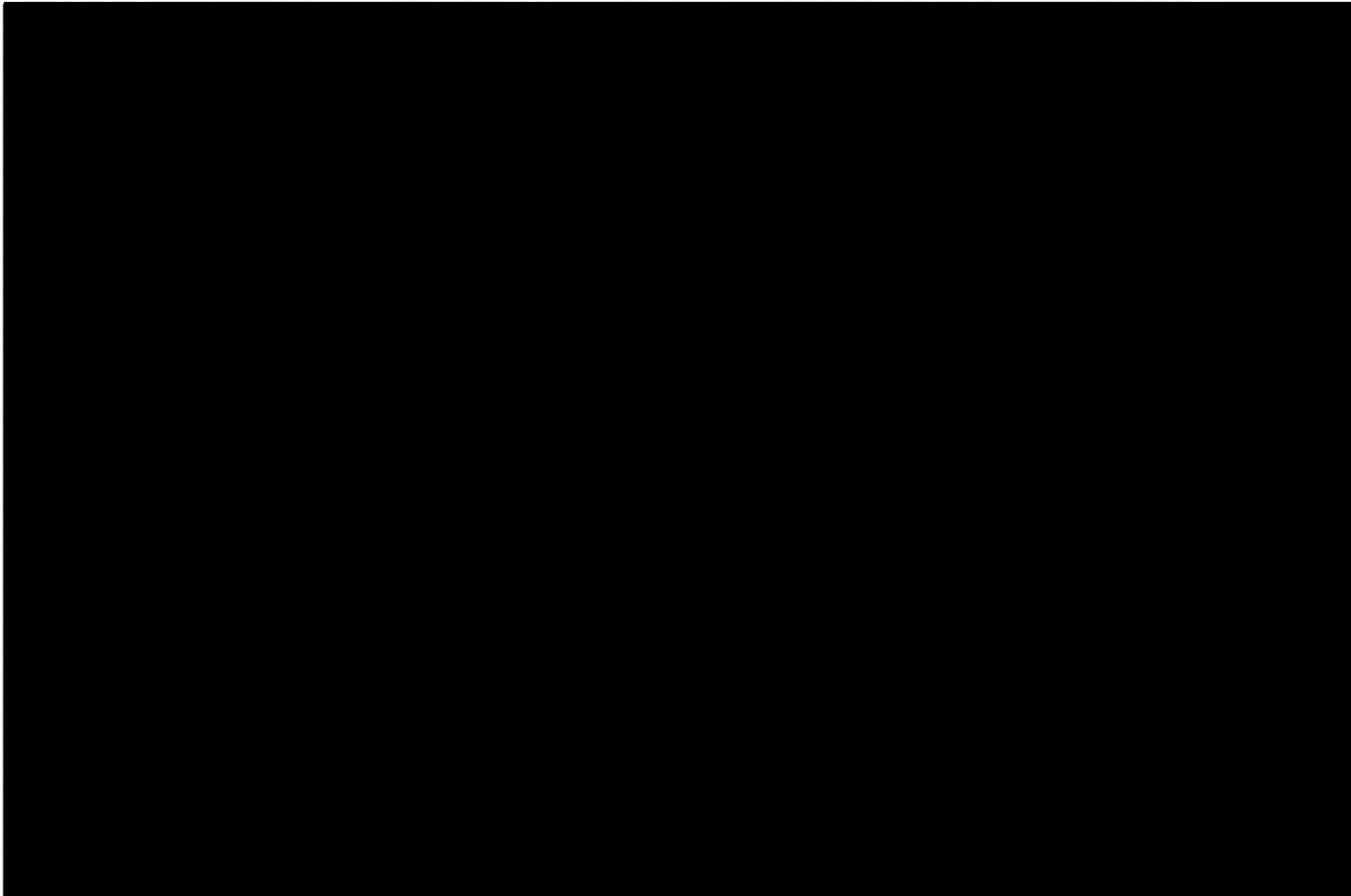
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## Promotion increase matrix: overview of philosophy and design principles

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## Budget & Planner Discretion

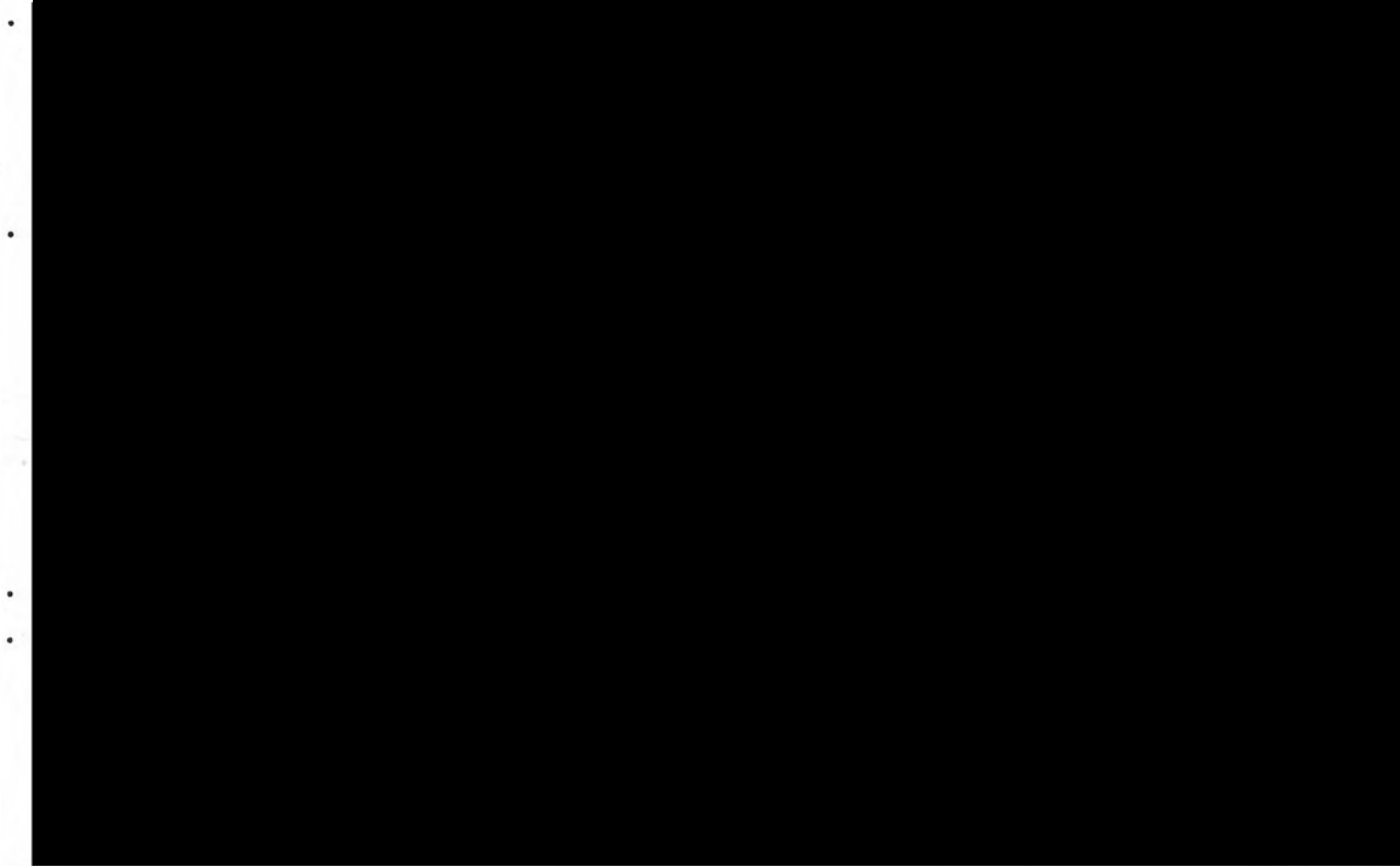
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- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



## Appendix: Business rules for 2007 Salary Planning cycle

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# Questions & Answers

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**Thank You!**



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